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TREASURY FOR MEWENS
USTR FOR BHARMAN AND MCARRILLO

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SUBJECT: JUNE TRADE AND INVESTMENT BRIEFS

SUMMARY

11. This is an update on the following trade and investment news from Peru:

Trade

-- FTA with Canada - Peruvian Congress Approved
-- FTA with Japan - First Round Completed
-- FTA with S. Korea - Third Round Held

Investment

-- Toyota Markets Hybrids to Peru
-- Nextel Awarded Concession

FTA WITH CANADA - PERUVIAN CONGRESS APPROVED

The Peruvian Congress approved the Free Trade Agreement (FTA) signed with Canada. The Ministry of Foreign Trade and Tourism (MINCETUR) announced the agreement will likely go into effect in August. Canada and Peru signed the agreement in May 2008 both countries also signed an Agreement on Labor Cooperation and an Agreement on the Environment. The FTA covers market access in goods, services, investment, government procurement, and dispute settlement, among others. The main products that will enter with zero tariffs include barley, wheat and beef, footwear, rubber or plastic, vegetables such as asparagus, broccoli, cauliflower, cabbage, carrots, garments and clothing accessories, footwear with leather or textiles, footwear, knitted, bags, orchids, fruit preparations, tomatoes, liquefied natural gas (LNG) and others. Canada will recognize the name "Peru Pisco" as a geographical indication of Peru and Peru will recognize Canadian Whiskey, Canadian Whiskey Rye, Whiskey Canadian, and Whiskey Canadian Rye, as indications of Canada.

FTA WITH JAPAN - FIRST ROUND COMPLETED

Peru and Japan held their first round of negotiations for an FTA in Lima during the first week of June. Negotiators made significant advances. The second round will be held in Tokyo, the week of July 16.

FTA WITH S. KOREA - THIRD ROUND HELD

During the week of June 29, Peru and South Korea held their third round of negotiations in Seoul. Negotiations have been moving rapidly and will likely be completed at the fourth round of negotiations. Last year, minerals represented 86.9 percent of Peruvian exports to South Korea. With this agreement, the two countries hope to increase the percentage of non-traditional Peruvian exports.

TOYOTA MARKETS HYBRIDS TO PERU

The local media reported that Peru will be the first country in Latin America where Toyota plans to market its hybrid cars. Beginning in July, Toyota will introduce the Prius 2009 to the Peruvian market.

NEXTEL AWARDED CONCESSION

Peru's Private Investment Promotion Agency (ProInversisn) has awarded the concession of public telecommunication services to Nextel Peru. Nextel Peru, along with Telefonica Moviles and America Movil, is one of three companies providing mobile network services in Peru.

NEALON